

Message Text

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21

ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EA-11 EUR-25 NEA-14 RSC-01 ISO-00

IO-14 PCH-69 L-03 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-04 INR-11 NSAE-00 CG-00 COA-02 DLOS-07 SWF-02

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----- 101570

R 292123Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY MONROVIA

INFO AMEMBASSY PANAMA

AMEMBASSY ATHENS BY POUCH

AMEMBASSY BERN BY POUCH

AMEMBASSY BONN BY POUCH

AMEMBASSY BRASILIA BY POUCH

AMEMBASSY BRUSSELS BY POUCH

AMEMBASSY BUENOS AIRES BY POUCH

AMEMBASSY CANBERRA BY POUCH

AMEMBASSY COPENHAGEN BY POUCH

AMEMBASSY THE HAGUE BY POUCH

AMEMBASSY HELSINKI BY POUCH

AMEMBASSY LONDON BY POUCH

AMEMBASSY MADRID BY POUCH

AMEMBASSY MOSCOW BY POUCH

AMEMBASSY NEW DELHI BY POUCH

AMEMBASSY OSLO BY POUCH

AMEMBASSY OTTAWA BY POUCH

AMEMBASSY PARIS BY POUCH

AMEMBASSY ROME BY POUCH

AMEMBASSY STOCKHOLM BY POUCH

AMEMBASSY TOKYO BY POUCH

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AMEMBASSY VIENNA BY POUCH

AMEMBASSY WELLINGTON BY POUCH
AMCONSUL HAMBURG BY POUCH
AMCONGEN RIO DE JANEIRO BY POUCH
USMISSION EC BRUSSELS BY POUCH
USMISSION GENEVA BY POUCH
USMISSION USUN NEW YORK BY POUCH
USMISSION OECD PARIS BY POUCH
USLO PEKING BY POUCH

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E.O. 11652:N/A

TAGS: EWWT, UNCTAD, UN, LI

SUBJECT: SHIPPING: CODE OF CONDUCT FOR LINER CONFERENCES
CONVENTION

REF: A) MONROVIA 4456; B) STATE 164561

1. RE PARA 3, REFTEL A, THE DEPARTMENT IS PREPARED TO DISCUSS CODE WITH INTRUSCO. HOWEVER, WE BELIEVE ANY INITIATIVE FOR DISCUSSIONS, WHICH SHOULD INCLUDE LIBERIAN EMBASSY, SHOULD COME FROM GOL FOLLOWING POST REPRESENTATION ON THE CODE. DURING DISCUSSION, THEREFORE, EMBASSY SHOULD INDICATE READINESS OF DEPARTMENT TO DISCUSS THE CODE FURTHER WITH LIBERIAN EMBASSY AND INTRUSCO REPS AT THEIR REQUEST.

2. THE FOLLOWING GUIDANCE SHOULD ASSIST POST IN DISCUSSING CODE WITH GOL AUTHORITIES. IN DOING SO, EMBASSY SHOULD BEAR IN MIND REFTEL B RE THE NEED FOR EXTREMELY DISCREET AND LOW-KEYED TREATMENT AND FYI ONLY THAT OUR CONCERN RE THE GOL POSITION ON THE CODE IS PREDICATED ON THE FACT THAT THE BASE TONNAGE REQUIRED TO BRING THE CODE INTO FORCE (25 PER CENT OF 73 MILLION GRTS. OF GENERAL CARGO AND CONTAINER VESSELS) AND LIBERIAN VESSELS REPRESENT 5 PER CENT (3.7 MILLION GRTS.) OF THE TOTAL. LIBERIA'S ADHERENCE TO THE CODE, THEREFORE, WOULD PROVIDE A FIFTH OF THE TONNAGE NECESSARY TO IMPLEMENT THE CONVENTION AND COULD BE INSTRUMENTAL IN SO DOING IF MOST GROUP OF 77 LIMITED OFFICIAL USE

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AND ONE OR TWO MAJOR MARITIME COUNTRIES BECOME PARTIES TO THE CODE. END FYI.

3. MAJOR DISCUSSION POINT ON THE CODE IS THAT ITS IMPLEMENTATION WOULD ESTABLISH INTERNATIONAL PRECEDENT FOR CARGO SHARING (40-40-20 PROVISIONS FOR LINER TRADES) AND THE LIKELIHOOD THEREAFTER OF GROUP OF 77 EFFORT TO EXTEND SIMILAR CARGO SHARING PROVISIONS TO BULK SHIPPING WHICH

WOULD APPEAR TO BE DETRIMENTAL TO THIRD-FLAG OPERATIONS, PARTICULARLY THOSE OF FLAG OF CONVENIENCE COUNTRIES. A NUMBER OF COUNTRIES HAVE OR ARE CONSIDERING NATIONAL LEGISLATION RESERVING A PERCENTAGE OF BULK SHIPMENTS IN THEIR TRADE FOR NATIONAL FLAG VESSELS AND WOULD LIKE NOTHING BETTER THAN TO HAVE WHAT IS NOW A UNILATERAL POLICY SANCTIONED INTERNATIONALLY. SINCE THE PREDOMINANT PART OF LIBERIAN TONNAGE IS IN BULK TRADES, PARTICULARLY TANKERS, THIS SHOULD BE OF SERIOUS CONCERN TO THE GOL.

4. MOREOVER, IT IS NOTED THAT 1) MOST LIBERIAN FLAG GENERAL CARGO VESSELS OPERATE AS NON-CONFERENCE CARRIERS, 2) THE CODE WOULD APPLY TO LINER CONFERENCES ONLY, AND 3) RESOLUTION 2 OF THE CODE CONFERENCE STATES SHIPPERS SHOULD NOT BE DENIED OPTION OF CHOICE BETWEEN CONFERENCE AND NON-CONFERENCE LINES AS LONG AS THE LATTER ADHERE TO THE PRINCIPLE OF FAIR COMPETITION ON A COMMERCIAL BASIS. WITH REGARD TO THE FOREGOING, LIBERIAN AUTHORITIES SHOULD BE AWARE OF THE STATEMENT OF THE INDIAN DELEGATE ON BEHALF OF THE GROUP OF 77 MADE AT THE CONFERENCE. WITH RESPECT TO NON-CONFERENCE OPERATIONS HE REFERRED TO THE "CLEAR UNDERSTANDING THAT NON-CONFERENCE SHIPPING LINES WILL NOT BE PERMITTED TO OPERATE IN A MANNER THAT THEY DAMAGE THE SMOOTH FUNCTIONING AND OPERATION OF LINER CONFERENCES" AND "SHOULD A SITUATION ARISE IN ANY TRADE WHERE OUR GOVERNMENTS FEEL THAT THE ACTIVITIES OF NON-CONFERENCE LINES SHOULD BE CURBED OR REGULATED IN ANY MANNER, OUR GOVERNMENTS WILL HAVE FULL FREEDOM OF ACTION TO ACT SUITABLY IN THE NATIONAL INTEREST." IT WOULD APPEAR, THEREFORE, THAT NON-CONFERENCE SHIPPING, WHILE NOT COVERED BY THE CODE, CAN EXPECT TO COME UNDER CLOSER OFFICIAL SCRUTINY AMONG CONTRACTING PARTIES IF THE CODE IS IMPLEMENTED. WE BELIEVE, BASED ON SOME ACTIONS LIMITED OFFICIAL USE

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BY STATES ALREADY WITH RESPECT TO SHIPPING IN THEIR TRADES, AND BOLSTERED BY INFORMAL CORRIDOR TALKS AT THE GENEVA DIPLOMATIC CONFERENCE THAT ACTION CAN BE EXPECTED BY SOME COUNTRIES WHICH WILL CIRCUMSCRIBE NON-CONFERENCE SHIPPING LINE OPERATIONS IN THEIR TRADES.

5. AT ITS DISCRETION, EMBASSY MAY WISH TO POINT OUT THAT CODE PROVISION ON REGULATION OF FREIGHT RATES MIGHT BE EXPANDED BY SOME COUNTRIES TO APPLY TO NON-CONFERENCE CARRIER OPERATIONS, WHICH WE DO NOT BELIEVE WOULD BE IN INTEREST OF MAJOR CARRIER COUNTRIES LIKE LIBERIA. LIKEWISE, CODE'S BLESSING OF CLOSED CONFERENCES COULD, IF BROADENED TO COVER SHIPPING OPERATIONS GENERALLY, WORK AGAINST LIBERIAN INTEREST IN MANNER SIMILAR TO 40-40-20 CARGO SHARING BY REDUCING OR ELIMINATING ALTOGETHER

LIBERIAN SHIP ROLE IN SOME CASES. KISSINGER

NOTE BY OC/T: POUCHED ABOVE ADDRESSEES.

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